Message Text

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CONFIDENTIAL LISBON 3951
E.O. 11652: GDS
TAGS: PINT, PO
SUBJ: PPD WILL LEAVE GOVERNMENT
REF: LISBON 3895
1. PPD LEADER FRANCISCO BALSEMAO TOLD POLCOUNS ON JULY 13 THAT PPD WOULD DEFINITELY LEAVE THE GOVERNMENT. LIST OF DEMANDS PRESENTED TO PRESIDENT BY PPD SECRETARY GENERAL GUERREIRO WERE UNACCEPTABLE AND THERE WAS NO DOUBT THAT PRESIDENT IN HIS MEETING WITH GUERREIRO ON JULY 16 WOULD HAVE TO REJECT THEM. GUERREIRO MET WITH PRIME MINISTER ON JULY 13, AND, ACCORDING TO BALSEMAO, GONCALVES TOLD GUERREIRO THAT GOVT WOULD NOT MEET PPD CONDITIONS.
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2. PPD CONDITIONS INCLUDE FOLLOWING:

- -- PRESS: RIGOROUS COMPLIANCE WITH PRESS LAW; PARTICIPATION BY POLITICAL PARTIES IN MANAGEMENT OF PROGRAMMING OF RADIO AND TELEVISION, OR TURNING OVER OF ONE THE NATIONALIZED NEWSPAPERS TO EACH OF THE PARTIES IN THE COALITION OR PARTICIPATION BY PARTIES IN EDITING OF THESE NEWSPAPERS.
 -- AFM LINKS WITH PEOPLE: PUBLIC DECLARATION RESPONDING SATISFACTORILY TO CRITICISM CONTAINED IN PPD STATEMENT ON AFM PLAN (SEE REFTEL); RECOGNITION OF FUNDAMENTAL ROLE OF PARTIES IN FORMULATION OF POPULAR WILL; ATTITUDE OF SUPPORT FOR CONSTITUENT ASSEMBLY.
- -- CRISIS OF AUTHORITY: IMMEDIATE VACATING OF HOUSES AND PROPERTIES IRREGULARLY OCCUPIED; ABSTENTION BY MILITARY AUTHORITIES FROM INTERVENING IN MATTERS OUTSIDE THEIR AREA OF IMMEDIATE COMPETENCE.
- -- LOCAL ADMINSTRATION: IMMEDIATE REPLACEMENT OF PERSONNEL IN ORGANS OF LOCAL ADMINISTRATION WHO NOT ACCEPTED BY LOCAL POPULATIONS; PUBLIC AND IRREVOCABLE DECLARATION OF DATE, BEFORE THE END OF 1975, OF ELECTIONS FOR LOCAL ADMINISTRATIONS.
- -- ECONOMY: IMMEDIATE DEFINITION OF LIMITS OF PUBLIC AND PRIVATE SECTORS, ACCOMPANIED BY GUARANTEES TO SMALL AND MEDIUM PROPERTY OWNERS; CONCRETE STEPS TO STIMULATE SECTORS IN CRISIS.
- 3. BALSEMAO IS GLOOMY INDEED ABOUT PROSPECTS FOR FUTURE IN PORTUGAL. HE FORESEES GRADUAL SLIDE INTO LEFT-WING MILITARY DICTATORSHIP. WHEN QUERIED ABOUT POSSIBILITIES FOR A MOVE BY THE DEMOCRATIC ELEMENTS IN THE REVOLUTIONARY COUNCIL (RC), HE SAID THAT HE SPENT THE ENTIRE PREVIOUS EVENING WITH AN RC MEMBER AND HAD BEEN TOLD THAT MODERATES ARE NOW CONVINCED THEY WILL NOT EVEN BE ABLE TO GET RID OF THE PRIME MINISTER.
- 4. BALSEMAO PLANS TO LEAVE THE COUNTRY WHEN HIS NEWSPAPER, EXPRESSO, IS SHUT DOWN, A MOVE HE CONSIDERS INEVITABLE. HE ASKED POLCOUNS ABOUT POSSIBILITY OF OBTAINING A VISITING PROFESSORSHIP IN THE US.
- 5. COMMENT: DEPARTURE OF PPD FROM GOVERNING COALITION WOULD POSE SEVERAL OPTIONS FOR AFM:
- $\operatorname{\mathsf{--}}$ IT COULD CONTINUE COALITION WITH ONLY COMMUNIST AND CONFIDENTIAL

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COMMUNIST-SYMPATHIZERS REMAINING;

- -- IT COULD DISSOLVE COALITION AND FORM NEW "SUPRA-PARTY" GOVERNMENT, INCLUDING CIVILIANS, BUT WITHOUT FORMAL PARTY TIES.
- -- IT COULD FORM ALL-MILITARY GOVERNMENT.
 OF THE THREE, WE BELIEVE THE SECOND IS MOST LIKELY. WHATEVER ITS STRUCTURE -- ALL-MILITARY OR CIVILIAN-MILITARY -THE ACTUAL SYMPATHIES OF MEMBERS OF THE NEW GOVERNMENT ARE
 LIKELY TO BE CLOSE TO THOSE OF THE PRIME MINISTER. THE

CENTER STAGE, HOWEVER, REMAINS THE DEVELOPING CONFRONTATION
BETWEEN THE SOCIALISTS AND THE AFM. THE PPD DEPARTURE WILL
STRENGTHEN THE HAND OF THE PS, BUT NOT DECISIVELY SO.
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